

PAPYRUS AUSTRALIA LIMITED
ACN 110 868 409

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting
29 November 2017

Time of Meeting
11.00 am

Place of Meeting
The Offices of Grant Thornton
Level 3, 170 Frome Street
Adelaide SA 5000

NOTICE OF ANNUAL GENERAL MEETING

PAPYRUS AUSTRALIA LIMITED ACN 110 868 409

Notice is hereby given that the Annual General Meeting of shareholders of Papyrus Australia Limited (the **Company**) will be held at the Offices of Grant Thornton, Level 3, 170 Frome Street ADELAIDE SA 5000 at 11.00 am (Adelaide time) on 29 November 2017.

Ordinary Business

To consider the Financial Statements for the financial year ended 30 June 2017 and accompanying reports of the Directors and Auditor.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company’s annual financial report for the financial year ended 30 June 2017.”

Resolution 2: Re-election of Andrew Ford as Director

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That Mr Andrew Ford, having voluntarily retired in accordance with Listing Rule 14.5 and rule 8.1(e)(2) of the Constitution, and, being eligible, offering himself for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.”

Resolution 3: Approval of 10% Placement Facility

To consider, and if thought fit, pass, with or without amendment, the following resolution as a special resolution:

“That, pursuant to and in accordance with Listing Rule 7.1A, the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”

Resolution 4: Subsequent Approval of the Issue of 5,200,000 Shares

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 5,200,000 Shares to sophisticated investors on 27 January 2017 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”

Resolution 5: Subsequent Approval of the Issue of 2,000,000 Shares

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 2,000,000 Shares to sophisticated investors on 23 June 2017 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”

Resolution 6: Subsequent Approval of the Issue of 3,000,000 Shares

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 3,000,000 Shares to sophisticated investors on 30 August 2017 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”

Resolution 7: Subsequent Approval of the Issue of 5,200,000 Options to sophisticated investors

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 5,200,000 Options to sophisticated investors on 27 January 2017 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”

Resolution 8: Subsequent Approval of the Issue of 3,000,000 Options sophisticated investors

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 3,000,000 Options to sophisticated investors on 30 August 2017 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”

Resolution 9: Issue of Shares to Talisker (SA) Pty Ltd to satisfy Loan Agreement

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of such number of shares to Talisker (SA) Pty Ltd or its nominee that would result in Mr Ramy Azer having a Voting Power of not more than 19.9% as at the date of issue of the Shares, calculated in accordance with the formula in the Explanatory Memorandum that accompanies this Notice of Meeting, in repayment of that part of the \$303,655 loaned by Talisker to the Company plus accrued interest hereon that is equal to the number of Shares to be issued pursuant to this Resolution multiplied by a deemed issue price that is equal to 80% of the average market price of Shares calculated over the last 5 days on which sales of Shares were recorded before the day on which the Shares the subject of this Resolution are issued,

and otherwise on the terms and conditions set out in the Explanatory Memorandum, is approved”

Resolution 10: Issue of 4,392,884 Shares to Edward Byrt to satisfy Loan Advanced

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, allotment and issue 4,392,884 shares to Edward Byrt or his nominee, in repayment of the \$43,928.84 loaned by Mr Byrt to the Company on the terms and conditions set out in the Explanatory Memorandum, is approved”

Resolution 11: Issue of 2,820,200 Shares to Vince Rigano to satisfy Loan Advanced

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, allotment and issue 2,820,200 shares to Vince Rigano or his nominee, in repayment of the \$28,202 loaned by Mr Rigano to the Company on the terms and conditions set out in the Explanatory Memorandum, is approved”

Resolution 12: Issue of 4,392,884 Options to Edward Byrt to satisfy Loan Advanced

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of 4,392,884 Options to Edward Byrt or his nominee on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”

Resolution 13: Issue of 2,820,200 Options to Vince Rigano to satisfy Loan Advanced

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of 2,820,200 Options to Vince Rigano or his nominee price on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”

Shareholders note that the CEO & Managing Director Allan Branch will deliver his presentation to the meeting at the close of the Ordinary Business.

Dated 16 October 2017

**By order of the Board
Papyrus Australia Ltd**



**Vincent Rigano
Company Secretary**

NOTES

1. EXPLANATORY MEMORANDUM

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting and should be read in conjunction with this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum, which contains definitions of capitalised terms used in both this Notice of Meeting and the Explanatory Memorandum.

2. VOTING EXCLUSION STATEMENTS

(1) Resolution 1 – Adoption of Remuneration Report

The Company will disregard any votes cast on Resolution 1 by or on behalf of any of the following persons:

- (a) a member of Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides, and the appointment expressly authorises the person chairing the meeting to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

(2) Resolution 2 - Re-election of Andrew Ford as Director

There are no voting restrictions with respect to Resolution 2.

(3) Resolution 3 – Approval of 10% Placement Facility

The Company will disregard any votes cast on Resolution 3 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if Resolution 3 is passed (if and to the extent that those persons are known to and identified by the Company at the time of the Meeting).

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(4) Resolution 4 – Subsequent Approval of the Issue of 5,200,000 Shares

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(5) Resolution 5 – Subsequent Approval of the Issue of 2,000,000 Shares

The Company will disregard any votes cast on Resolution 5 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(6) Resolution 6 – Subsequent Approval of the Issue of 3,000,000 Shares

The Company will disregard any votes cast on Resolution 6 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(7) Resolution 7 and 8 – Subsequent Approval of the Issue of Options to sophisticated investors

The Company will disregard any votes cast on Resolutions 7 and 8 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(8) Resolution 9 – Issue of Shares to Talisker (SA) Pty Ltd to satisfy Loan Agreement

The Company will disregard any vote cast by Talisker (SA) Pty Ltd and any respective associates .

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(9) Resolution 10 – Issue of Shares to Edward Byrt to satisfy Loan

The Company will disregard any vote cast by Edward Byrt and any respective associates.:

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(10) Resolution 11 – Issue of Shares to Vince Rigano to satisfy Loan

The Company will disregard any vote cast by Vince Rigano and any respective associates .

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(11) Resolutions 12 and 13 – Issue of Options to Edward Byrt and Vince Rigano to satisfy Loans

The Company will disregard any vote cast by Edward Byrt and Vince Rigano and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

3. PROXIES

A Shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice of Meeting.

To record a valid vote, a Shareholder will need to take the following steps:

- (1) complete and lodge the manual proxy form at the share registry of the Company, Computershare Investor Services Pty Ltd:
 - (a) by post at the following address:

Computershare Investor Services Pty Ltd
GPO Box 242
MELBOURNE VIC 3001
 - OR
 - (b) by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);
- (c) online by visiting www.intermediaryonline.com for Intermediary Online subscribers only (custodians),

so that it is received no later than 11am (Adelaide time) on 27 November 2017.

Important information with respect to Resolution 1

If you appoint a member of Key Management Personnel as your proxy

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, you must direct the proxy how they are to vote on Resolution 1. Undirected proxies granted to those persons will not be included in any vote on Resolution 1 (subject to the comments below with respect to appointing the chair of the Meeting as your proxy).

If you appoint the chair of the Meeting as your proxy

If you elect to appoint the chair of the Meeting as your proxy, you do not need to direct the chair how you wish them to exercise your vote on Resolution 1. However, by completing the proxy form, and appointing the chair of the Meeting as your proxy with no voting instruction, you expressly authorise the chair to exercise his discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.

Alternatively, if you appoint the chair of the Meeting as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of each item of business.

4. 'SNAP SHOT' TIME

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snap-shot' of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the Meeting. The Directors have determined that all Shares that are quoted on ASX as at 6.30pm (Adelaide time) on 27 November 2017 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

5. CORPORATE REPRESENTATIVE

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening an Annual General Meeting of Shareholders of Papyrus Australia Limited to be held on 29 November 2017. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice of Meeting and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider Resolutions 1 to 13 (inclusive).

1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Annual Report for the year ended 30 June 2017 contains a remuneration report which sets out the remuneration policy of the Company.

An electronic copy of the 2017 Annual Report is available to download or view on the Company's website at www.papyrusaustralia.com.au. The 2017 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

Voting consequences

If at least 25% of the votes cast on a resolution to adopt the remuneration report are against the adoption of the Remuneration Report for two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of another general meeting within 90 days, at which all of the Company's Directors (other than the Managing Director) must go up for re-election (**Spill Resolution**).

At the Company's 2016 annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25% of total votes cast. Accordingly, the Spill Resolution is not a relevant consideration for this Meeting.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorize the chair to exercise your proxy on resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of Resolution 1

Resolution 1 is an ordinary resolution.

2. RESOLUTION 2: RE-ELECTION OF ANDREW FORD AS DIRECTOR

In accordance with Listing Rule 14.5 and rule 8.1(e)(2) of the Constitution, at every annual general meeting one third of the Directors for the time being (excluding those who retire under rule 8.1(e)(1) of the Constitution and the managing director) must retire from office and, in accordance with rule 8.1(h) of the Constitution, are eligible for re-election. Accordingly, Mr Andrew Ford retires as a Director of the Company and, being eligible, offers himself for re-election.

A resume for Mr Ford follows:

Andrew Ford, B Arch (Non-Executive Director)

Andy Ford retired Woods Bagot Director, is one of the leading design principals in Australia. His proven creative, technical and professional abilities in architecture and interior design are matched by an outstanding and appreciation of commercial realities: he is both designer and manager, professional and businessman.

Recognized as a skilled leader and manager of multi-disciplinary teams, Andy's strategic expertise was utilized on major and special projects in Australia, Asia, Middle East, North America and Europe.

Andy has been a director of the South Australian Motor Sport Board since September 2001 and was appointed Chairman in October 2011.

Andy is also a member of the Company's Audit committee and has been a Director of the Company for a number of years.

Resolution 2 is an ordinary resolution.

The Directors (other than Mr. Ford) recommend that Shareholders vote in favor of Resolution 2.

The chair intends to vote undirected proxies in favour of Resolution 2.

3. RESOLUTION 3: APPROVAL OF 10% PLACEMENT FACILITY

3.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital in accordance with the terms set out below (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company's market capitalisation as at 9 October 2017 was approximately A\$1,445,000 (based on the Company's issued share capital of 206,436,431 Shares and the closing price of A\$0.007 per Share on that date). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of Listing Rule 7.1A.

Resolution 3 requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

No Director or Related Party will participate in any issue under the 10% Placement Facility unless specific approval is obtained for the purposes of Listing Rule 10.11 and for any other purpose required by law or the Listing Rules.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2, which is set out below.

3.2 Description of Listing Rule 7.1A

(1) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(2) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice of Meeting, has on issue the following classes of Equity Securities:

- (i) 209,436,431 ordinary shares quoted on ASX; and
- (ii) 11,450,000 options not quoted on ASX.

(3) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities who have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting at which shareholder approval was obtained, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

Where:

A is the number of fully paid ordinary shares on issue before the date of issue or agreement:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4;
- less the number of fully paid shares cancelled in the 12 months.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

(4) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. As at the date of this Notice of Meeting, the Company has on issue 209,436,431 ordinary Shares and therefore has a capacity to issue:

- (i) 31,415,464 Equity Securities under Listing Rule 7.1; and
- (ii) 20,943,643 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph (3) above).

(5) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as consideration for the acquisition of a new asset, in which case the company must release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

(6) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

3.3 Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of at least 75% of the votes cast by Shareholders entitled to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) on the Resolution.

3.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of this Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the risk of voting dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- I. two examples where variable "A" has increased, by 50% and 100%, based on the number of ordinary Shares the Company has on issue as at the date of this Notice of Meeting. The number of ordinary securities

on issue may increase as a result of issues of ordinary securities that as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- II. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

| Variable "A" in Listing Rule 7.1A.2 | | Dilution | | |
|--|---------------------------|---|-------------------------------|--|
| | | \$0.003 50% decrease in Issue Price | \$0.006 Issue Price | \$0.012 100% increase in Issue Price |
| Current variable "A" 209,436,431 Ordinary Shares | 10% Voting Dilution | 20,943,643 Ordinary Shares | 20,943,643 Ordinary Shares | 20,943,643 Ordinary Shares |
| | Funds Raised | \$62,830 | \$125,661 | \$251,322 |
| 50% increase in current variable "A" 314,154,646 Ordinary Shares | 10% Voting Dilution | 31,415,464 Ordinary Shares | 31,415,464 Ordinary Shares | 31,415,464 Ordinary Shares |
| | Funds Raised | \$94,246 | \$188,492 | \$376,984 |
| 100% increase in current variable "A" 418,872,862 Ordinary Shares | 10% Voting Dilution | 41,887,286 Ordinary Shares | 41,887,286 Ordinary Shares | 41,887,286 Ordinary Shares |
| | Funds Raised | \$125,662 | \$251,324 | \$502,648 |

The table has been prepared based on the total number of Ordinary Shares on issue at the date of the Notice, and on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) Resolutions 4, 5 and 6 are passed at the Meeting.
- (iii) None of the unlisted options that the Company currently has on issue are exercised before the date of the issue of the Equity Securities.
- (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue, assuming variable A is equal to the total issued share capital at that time. This is why the voting dilution is shown in each example as 10%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well.

- (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- (viii) The current market price of Shares is \$0.007, being the closing price of Shares on ASX on 2 October 2017.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction for the purposes of Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company must provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition) and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new investors who are not Related Parties of the Company or their associates.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

If Resolution 3 is approved by Shareholders, the Company will issue Equity Securities under the 10% Placement Facility during the 10% Placement Period, as and when the circumstances of the Company require.

- (g) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2016 annual general meeting. In the 12 months preceding the date of this

Meeting, the Company issued a total number of 10,200,000 Equity Securities, representing 5.12% of the total number of Equity Securities on issue at the commencement of that 12 month period. The details of all issues of Equity Securities in the 12 months preceding the date of this Meeting are set out in Schedule 2 to this Explanatory Memorandum.

- (h) A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of Equity Securities under the 10% Placement Capacity. No existing Shareholder votes will therefore be excluded under the voting exclusion statement in the Notice of Meeting.

The directors recommend that Shareholders vote in favor of Resolution 3.

The chair intends to vote undirected proxies in favour of Resolution 3.

4. RESOLUTION 4: SUBSEQUENT APPROVAL OF THE ISSUE OF 5,200,000 SHARES

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 4 for the purposes of Listing Rule 7.4 for the issue of the 5,200,000 Shares to sophisticated investors on 27 January 2017.

If Resolution 4 is passed then the Shares will be deemed to have been issued with Shareholder approval and will, therefore, not be counted towards the Company's 15% placement capacity under Listing Rule 7.1. If Resolution 4 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 4 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The total number of Shares issued was 5,200,000 Shares.
- (b) The issue price was \$0.01 per Share.
- (c) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Shares.
- (d) The Shares were issued to sophisticated investors identified by the Company.

(e) \$52,000 was raised by the issue of the Tranche 1 Placement Shares. Funds raised by the issue have and are being used to fund the Company's working capital requirements.

(f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 4.

The chair intends to vote undirected proxies in favour of Resolution 4.

5. RESOLUTION 5: SUBSEQUENT APPROVAL OF THE ISSUE OF 2,000,000 SHARES

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 5 for the purposes of Listing Rule 7.4 for the issue of the 2,000,000 Shares to sophisticated investors on 23 June 2017.

If Resolution 5 is passed then the Shares will be deemed to have been issued with Shareholder approval and will, therefore, not be counted towards the Company's 15% placement capacity under Listing Rule 7.1. If Resolution 5 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 4 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

(a) The total number of Shares issued was 2,000,000 Shares.

(b) The issue price was \$0.01 per Share.

(c) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Shares.

(d) The Shares were issued as a result of conversion of unlisted options.

(e) \$20,000 was raised by the issue of the Tranche 2 Placement Shares. Funds raised by the issue have and are being used to fund the Company's working capital requirements.

(f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 5.

The chair intends to vote undirected proxies in favour of Resolution 5.

6. RESOLUTION 6: SUBSEQUENT APPROVAL OF THE ISSUE OF 3,000,000 SHARES

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 4 for the purposes of Listing Rule 7.4 for the issue of the 3,000,000 Shares to sophisticated investors on 30 August 2017.

If Resolution 6 is passed then the Shares will be deemed to have been issued with Shareholder approval and will, therefore, not be counted towards the Company's 15% placement capacity under Listing Rule 7.1. If Resolution 4 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 6 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The total number of Shares issued was 3,000,000 Shares.
- (b) The issue price was \$0.01 per Share.
- (c) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Shares.
- (d) The Shares were issued to sophisticated investors identified by the Company.
- (e) \$30,000 was raised by the issue of the Tranche 3 Placement Shares. Funds raised by the issue have and are being used to fund the Company's working capital requirements.
- (f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 6.

The chair intends to vote undirected proxies in favour of Resolution 6.

7. RESOLUTIONS 7 AND 8: SUBSEQUENT APPROVAL OF THE ISSUE OF OPTIONS TO SOPHISTICATED INVESTORS

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the

previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolutions 7 and 8 for the purposes of Listing Rule 7.4 for the issue of the 5,200,000 Options on 27 January 2017 and 3,000,000 Options on the 30 August 2017 respectively to sophisticated investors.

If Resolutions 7 and 8 are passed then the Options will be deemed to have been issued with Shareholder approval and will, therefore, not be counted towards the Company's 15% placement capacity under Listing Rule 7.1. If Resolutions 7 and 8 are not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolutions 7 and 8 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) a total number of 5,200,000 Options were issued pursuant to Resolution 7 and a total of 3,000,000 were issued pursuant to Resolution 8;
- (b) The Options were issued for nil cash consideration;
- (c) The Options were issued to sophisticated investors identified by the Company;
- (d) The Options were issued on the terms and conditions set out in Schedule 2 to these Explanatory Notes;
- (e) the Options were issued as part of the capital raise;
- (f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolutions 7 and 8 as they intend to do.

The chair intends to vote undirected proxies in favour of Resolutions 7 and 8.

8. RESOLUTION 9: ISSUE OF SHARES TO TALISKER (SA) PTY LTD

Loan Agreement

On 11 October 2012, the Company entered into a loan agreement with Talisker (SA) Pty Ltd (**Talisker**) a company wholly owned by Managing Director Mr Ramy Azer and his wife Phoebe Azer (**Loan Agreement**). A subsequent Loan Agreement was entered into on the 7 October 2014. Under the terms of the Loan Agreements, Talisker agreed to loan up to \$500,000 to the Company on the following basis:

- (a) the loan facility could be drawn down from time to time at the Company's request;

- (b) the amounts drawn down under the loan facility are unsecured and accrue interest at the rate of interest payable by the National Australia Bank Limited on 'Usaver savings accounts' or, '12 month term deposit' (whichever is the greater) plus 1%;
- (c) the loan shall repayable from future revenues or from proceeds from any future equity raising, provided that if the repayment of the loan at any particular time would materially prejudice the ability of the Company to repay its creditors as a whole then any proposed repayment should not materially prejudice the ability of the Company to pay its creditors as a whole;
- (d) under the terms of the Loan Agreement (and subject to obtaining the requisite shareholder approvals), the Company is entitled (at Talisker's request) to repay the loan and accrued interest by converting the whole or any part of the outstanding amount into Shares, subject to first obtaining Shareholder approvals required to that conversion;

Talisker has requested that the Company partially repay the outstanding amount by issuing to Talisker (or its nominee) the number of Shares that, at a deemed issue price that is 80% of the average market price of Shares calculated over the last 5 days on which sales of Shares were recorded before the day on which the Loan Agreement Shares are issued, will result in Ramy Azer having a Voting Power of 19.9% at the date of issue of the Shares (**Loan Repayment Shares**). The balance of the outstanding amount and accrued interest shall be paid in cash in accordance with the terms of the Loan Agreement or, if requested by Talisker and if and to the extent permitted at law, and subject to obtaining all necessary Shareholder approvals, by way of an issue of further Shares. Mr Azer's current Voting Power in the Company is 13.94%.

Listing Rule 10.11

Listing Rule 10.11 requires that Shareholder approval be obtained where an entity issues, or agrees to issue, Equity Securities to a related party (which includes a Director and any entity controlled by a Director), or a person whose relationship with the entity or a related party is, in ASX opinion, such that approval should be obtained, unless an exception applies in Listing Rule 10.12 applies. Shares are Equity Securities and the issue of the Loan Repayment Shares to Talisker (or its nominee) requires Shareholder approval under Listing Rule 10.11 as Talisker is an entity controlled by Director Ramy Azer.

Resolution 9 seeks shareholder approval for the purpose of Listing Rule 10.11 to the issue of the Loan Repayment Shares to Talisker (or its nominee).

If approval is given to Resolution 7 for the purposes of Listing Rule 10.11, approval is not required under Listing Rule 7.1, and the Loan Repayment Shares will not be included in the calculation of the Company's 15% annual placement capacity under Listing Rule 7.1.

The Directors (other than Mr Azer) have formed the view that Shareholder approval is not required for the issue of the Loan Repayment Shares to Talisker (or its nominee) for the purposes of Chapter 2E of the Corporations Act (giving a financial benefit to a related party) as the arm's length exemption in Section 210 of the Corporations Act applies.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the Loan Repayment Shares will be issued to Talisker (SA) Pty Ltd or its nominee;

- (b) the maximum number of Loan Repayment Shares that will be issued is the number of Shares that will result in Ramy Azer having a Voting Power of 19.9% at the date of issue of Shares. The following examples are given for illustrative purposes only, and are based on the issued share capital of the Company as at the date of this Notice of Meeting, and Mr Azer's Voting Power as at that date of 13.94%. The example assumes that no Options are exercised prior to issuing the Loan Repayment Shares, and no Shares are issued by the Company pursuant to the Resolutions to be put to Shareholders at the Meeting or otherwise, except as set out below:
- I. If Resolutions 4 to 6 (inclusive) are passed, the maximum number of Loan Repayment Shares that will be issued pursuant to Resolution 9 is 12,473,997; and
 - II. If Resolutions 4 to 6 (inclusive) are *not* passed, the maximum number of Loan Repayment Shares that will be issued pursuant to Resolution 9 is 10,444,197
- (c) the Loan Repayment Shares will be issued within one month of this Meeting.
- (d) the Loan Repayment Shares will be issued for nil cash consideration, at a deemed issue price that is 80% of the average market price of Shares calculated over the last 5 days on which sales of Shares were recorded before the day on which the Loan Repayment Shares are issued.
- (e) the Loan Repayment Shares will be fully paid and will rank equally in all respects with existing Shares, and application will be made for their quotation on ASX.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised by the issue of the Loan Repayment Shares to Talisker (or its nominee) although the Company's liability to Talisker under the Loan Agreement will be partially satisfied by the issue.

The Directors (other than Mr Ramy Azer) recommend that Shareholders vote in favour of Resolution 9 as they themselves intend to.

The chair intends to vote undirected proxies in favour of Resolution 9.

9. RESOLUTION 10: ISSUE OF SHARES TO EDWARD BYRT

Loan

Mr Byrt has been providing funds on an ongoing basis and as required by the Company to support working capital requirements needs. There is no formal loan agreement in place and funds provided by Mr Byrt are unsecured and do not accrue interest.

The outstanding amount of Mr Byrt's loan is \$43,928.84

Mr Byrt has requested that the Company repay the outstanding amount by issuing to Mr Byrt (or its nominee) on the same basis as sophisticated investors (ASX 3B announcements 26/09/2017 and 31/01/2017) as the number of Shares that, at a

deemed issue price of \$0.01. Mr Byrt current Voting Power in the Company is 8.50%.

Listing Rule 10.11

Listing Rule 10.11 requires that Shareholder approval be obtained where an entity issues, or agrees to issue, Equity Securities to a related party (which includes a Director and any entity controlled by a Director), or a person whose relationship with the entity or a related party is, in ASX opinion, such that approval should be obtained, unless an exception applies in Listing Rule 10.12 applies. Shares are Equity Securities and the issue of the loan repayment Shares to Mr Byrt (or its nominee) requires Shareholder approval under Listing Rule 10.11.

Resolution 10 seeks shareholder approval for the purpose of Listing Rule 10.11 to the issue of the loan repayment shares to Mr Byrt (or his nominee).

If approval is given to Resolution 10 for the purposes of Listing Rule 10.11, approval is not required under Listing Rule 7.1, and the loan repayment shares will not be included in the calculation of the Company's 15% annual placement capacity under Listing Rule 7.1.

The Directors (other than Mr Byrt) have formed the view that Shareholder approval is not required for the issue of the loan repayment shares to Mr Byrt (or his nominee) for the purposes of Chapter 2E of the Corporations Act (giving a financial benefit to a related party) as the arm's length exemption in Section 210 of the Corporations Act applies.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the loan repayment shares will be issued to Mr Byrt or his nominee;
- (b) the maximum number of loan repayment shares that will be issued is 4,392,884;
- (c) the loan repayment shares will be issued within one month of this Meeting;
- (d) the loan repayment shares will be issued for nil cash consideration, at a deemed issue price \$0.01 per share;
- (e) the loan repayment shares will be fully paid and will rank equally in all respects with existing Shares, and application will be made for their quotation on ASX;
- (f) a voting exclusion statement is included in the Notice of Meeting;
- (g) no funds will be raised by the issue of the Loan Repayment Shares to Mr Byrt (or his nominee) although the Company's liability to Mr Byrt will be totally satisfied by the issue.

The Directors (other than Mr Edward Byrt) recommend that Shareholders vote in favour of Resolution 10 as they themselves intend to.

The chair intends to vote undirected proxies in favour of Resolution 10.

10. RESOLUTION 11: ISSUE OF SHARES TO VINCE RIGANO

Loan

Mr Rigano has been providing funds on an ongoing basis and as required by the Company to support working capital requirements. There is no formal loan agreement in place and funds provided by Mr Rigano are unsecured and do not accrue interest.

The outstanding amount of Mr Rigano's loan is \$28,202

Mr Rigano has requested that the Company repay the outstanding amount by issuing to Mr Rigano (or its nominee) on the same basis as sophisticated investors (ASX 3B announcements 26/09/2017 and 31/01/2017) as the number of Shares that, at a deemed issue price of \$0.01.

Listing Rule 10.11

Listing Rule 10.11 requires that Shareholder approval be obtained where an entity issues, or agrees to issue, Equity Securities to a related party (which includes a Director and any entity controlled by a Director), or a person whose relationship with the entity or a related party is, in ASX opinion, such that approval should be obtained, unless an exception applies in Listing Rule 10.12 applies. Shares are Equity Securities and the issue of the loan repayment Shares to Mr Rigano (or its nominee) requires Shareholder approval under Listing Rule 10.11.

Resolution 11 seeks shareholder approval for the purpose of Listing Rule 10.11 to the issue of the loan repayment shares to Mr Rigano (or his nominee).

If approval is given to Resolution 11 for the purposes of Listing Rule 10.11, approval is not required under Listing Rule 7.1, and the loan repayment shares will not be included in the calculation of the Company's 15% annual placement capacity under Listing Rule 7.1.

The Directors (other than Mr Rigano) have formed the view that Shareholder approval is not required for the issue of the loan repayment shares to Mr Rigano (or his nominee) for the purposes of Chapter 2E of the Corporations Act (giving a financial benefit to a related party) as the arm's length exemption in Section 210 of the Corporations Act applies.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the loan repayment shares will be issued to Mr Rigano or his nominee;
- (b) the maximum number of loan repayment shares that will be issued is 2,820,200;
- (c) the loan repayment shares will be issued within one month of this Meeting;
- (d) the loan repayment shares will be issued for nil cash consideration, at a deemed issue price \$0.01 per share;
- (e) the loan repayment shares will be fully paid and will rank equally in all respects with existing Shares, and application will be made for their quotation on ASX;
- (f) a voting exclusion statement is included in the Notice of Meeting;

- (g) No funds will be raised by the issue of the Loan Repayment Shares to Mr Rigano (or his nominee) although the Company's liability to Mr Rigano will be totally satisfied by the issue.

The Directors (other than Mr Vince Rigano) recommend that Shareholders vote in favour of Resolution 11 as they themselves intend to.

The chair intends to vote undirected proxies in favour of Resolution 11.

11. RESOLUTION 12 AND 13: ISSUE OF OPTIONS TO EDWARD BYRT AND VINCE RIGANO

As outlined in Resolutions 10 and 11 of this Information Memorandum, that the loans provided by Mr Byrt and Mr Rigano respectively be converted on the same bases as sophisticated investors (ASX 3B announcements 26/09/2017 and 31/01/2017) as to the number of Options to be issued, at a deemed exercise price of \$0.01 per share.

Listing Rule 10.11

Listing Rule 10.11 requires that Shareholder approval be obtained where an entity issues, or agrees to issue, Equity Securities to a related party (which includes a Director and any entity controlled by a Director), or a person whose relationship with the entity or a related party is, in ASX opinion, such that approval should be obtained, unless an exception applies in Listing Rule 10.12 applies. The issue of the loan repayment Options to Mr Byrt and Mr Rigano (or their nominee) requires Shareholder approval under Listing Rule 10.11.

Resolutions 12 and 13 seek shareholder approval for the purpose of Listing Rule 10.11 to the issue of the loan repayment Options to Mr Byrt and Mr Rigano (or their nominee).

If approval is given to Resolutions 12 and 13 for the purposes of Listing Rule 10.11, approval is not required under Listing Rule 7.1, and the loan repayment options will not be included in the calculation of the Company's 15% annual placement capacity under Listing Rule 7.1.

The Directors (other than Mr Byrt for Resolution 12 and Mr Rigano for Resolution 13) have formed the view that Shareholder approval is not required for the issue of the loan repayment options to Mr Byrt and Mr Rigano (or their nominee) for the purposes of Chapter 2E of the Corporations Act (giving a financial benefit to a related party) as the arm's length exemption in Section 210 of the Corporations Act applies.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

- (a) A total of 7,213,084 loan repayment Options will be issued, a total of 4,392,884 to Mr Byrt (or his nominee) pursuant to Resolution 12 and a total of 2,820,200 to Mr Rigano (or his nominee) pursuant to Resolution 13;
- (b) the loan repayment Options will be issued for nil cash consideration;
- (c) the loan repayment Options will be issued to settle loans advanced by Mr Byrt and Mr Rigano
- (d) the loan repayment Options will be issued on the terms and conditions set out in Schedule 2 to these Explanatory Notes;

- (e) the loan repayment Options will be issued as part of the settlement of loans advanced ;
- (f) a voting exclusion statement is included in the Notice of Meeting;

The Directors (other than Mr Edward Byrt for Resolution 12 and Mr Vince Rigano for Resolution 13) recommend that Shareholders vote in favour of Resolutions 12 and 13 as they themselves intend to.

The chair intends to vote undirected proxies in favour of Resolution 12 and 13.

GLOSSARY

In this Notice of Meeting and Explanatory Memorandum the following expressions have the following meanings unless stated otherwise or unless the context requires otherwise:

10% Placement Facility has the meaning given in section 3.1.

10% Placement Period has the meaning given in section 3.2(6).

ASX means ASX Limited (ACN 008 624 691).

Board means the board of Directors.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (a) a child of the member's spouse;
- (b) a dependant of the member or of the member's spouse;
- (c) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (d) a company the member controls; or
- (e) a person prescribed as such by the *Corporations Regulations 2001* (Cth).

Company means Papyrus Australia Limited (ACN 110 868 409).

Constitution means the constitution of the Company (as amended from time to time).

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards (as defined in section 9 of the Corporations Act), so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting means the annual general meeting of Shareholders convened by this Notice of Meeting.

Notice of Meeting or Notice means the notice of meeting to which this Explanatory Memorandum is attached.

Option means an option to acquire a Share.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

VWAP means volume weighted average price.

SCHEDULE 1 – SUPPLEMENTARY INFORMATION RESOLUTIONS 4,5,6

The table below sets out the details of all the issues of Equity Securities by the Company in the 12 months preceding this Meeting, as required by Listing Rule 7.3A.6(b).

| Number * | Class and terms of that Class | Allottees (or basis for determining allottees) | Issue price and the discount this represented to market price (if any) | Use of Funds and amount that has been spent or intended use in the future | Non-cash Consideration |
|-----------|-------------------------------|--|--|---|------------------------|
| 5,200,000 | Ordinary Fully Paid shares | Sophisticated Investors | \$0.01 | Working capital | Nil |
| 2,000,000 | Ordinary Fully Paid shares | Conversion of options | \$0.01 | Working capital | Nil |
| 3,000,000 | Ordinary Fully Paid shares | Sophisticated Investors | \$0.01 | Working capital | Nil |

* The 10,200,000 equity securities issued in the 12 months preceding the date of the Company's AGM represented a total of 5.12% of the total number of equity securities on issue at the commencement of that 12-month period.

SCHEDULE 2 – SUPPLEMENTARY INFORMATION FOR RESOLUTIONS 7, 8, 12 AND 13

TERMS AND CONDITIONS OF OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. Each of the options is exercisable at \$0.01.
3. Each options is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the date that is 24 months after the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. An option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the option holder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
8. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
9. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlement date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

10. If, during the currency of the options the issued capital of the Company is reorganized, those options will be reorganized to the extent necessary to comply with ASX Listing Rules.



Papyrus Australia Ltd
ABN 63 110 868 409

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

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For your vote to be effective it must be received by 11:00am (Adelaide Time) on Monday 27 November 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔

| | |
|--|--|
| | View your securityholder information, 24 hours a day, 7 days a week: |
| www.investorcentre.com | |
| <input checked="" type="checkbox"/> Review your securityholding <input checked="" type="checkbox"/> Update your securityholding | Your secure access information is: |
| SRN/HIN: | |
| | |
| PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential. | |

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Papyrus Australia Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Papyrus Australia Limited to be held at **The Offices of Grant Thornton, Level 3, 170 Frome Street, Adelaide SA 5000 on Wednesday 29 November 2017 at 11:00am (Adelaide Time)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 1** (except where I/we have indicated a different voting intention below) even though **Item 1** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 1** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

| | For | Against | Abstain | | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|---|--------------------------|--------------------------|--------------------------|
| 1. Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 9. Issue of Shares to Talisker (SA) Pty Ltd to satisfy Loan Agreement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-election of Andrew Ford as Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 10. Issue of 4,392,884 Shares to Edward Byrt to satisfy Loan Advanced | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Approval of 10% Placement Facility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11. Issue of 2,820,200 Shares to Vince Rigano to satisfy Loan Advanced | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Subsequent Approval of the Issue of 5,200,000 Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 12. Issue of 4,392,884 Options to Edward Byrt to satisfy Loan Advanced | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Subsequent Approval of the Issue of 2,000,000 Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 13. Issue of 2,820,200 Options to Vince Rigano to satisfy Loan Advanced | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Subsequent Approval of the Issue of 3,000,000 Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 7. Subsequent Approval of the Issue of 5,200,000 Options to sophisticated investors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 8. Subsequent Approval of the Issue of 3,000,000 Options to sophisticated investors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /